Radio Station WNBH
New Bedford, Mass.
November 19, 1945

TO ALL IBS STATION MANAGERS:

During the past year, IBS has expanded its operations about 1000%. In view of the prospects for revenue from the member stations which own it, this was a risky and extravagant move. Furthermore, with the exception of Dave Linton's field work, these expensive operations have shown meager results to the stations now paying $15,000 a year for them.

It is imperative, therefore, that we adopt immediately provisions governing the appropriation of money to IBS. Such provisions will complement those in the new constitution which govern expenditure of the money on behalf of the members who earn it.

For years stations have turned over to IBS an automatic 20% of all revenue derived from the sale of time to national advertisers. The obvious trouble with such a plan is that the amount so appropriated bears little necessary relation to the amount needed, and apparently no relation to services rendered.

Another trouble is that the colleges invariably confuse these appropriated funds with the commissions due to agencies and to IBSR. This will soon be corrected, in part, by writing new contracts to show the whole value of the contract. This value will correspond to the published IBS rate for your station. All deductions which IBSR makes from your regular national advertising checks will be clearly noted on monthly statements.

For your information, in case these deductions still confuse you, here is a summary:

(1) By action of the Board of Governers, IBSR withholds 20% of the contract value which it transfers in your name to IBS. This is your payment for IBS services.

(2) By contract agreement, IBSR withholds a legitimate 15% commission which it pays the agency placing the advertising order with your station (but only when such an agency has placed the order).

(3) Finally, IBSR withholds another 15% which it keeps. This is all it does keep. It is the legitimate commission it earns as your national advertising representative.

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Here is my plan to govern appropriations.

One sensible way to finance IBS will be to appropriate not a fixed portion of the revenue earned by each station, but the exact amount to be spent or placed on reserve during the period in question. In other words, to pay as we go.

Let's see how this would work. Suppose the Governing Council wants to employ two executives and a stenographer, operate a very limited network, send out so much publicity, acquire certain technical equipment, and run a survey. The Council might set up the following budget:

Salaries	$ 6,240
Network	5,200
Publicity	800
Equipment	1,145
Survey	250
Office rental	1,300
Office supplies	180
Miscellaneous	100
	15,215

Having arrived at this total, suppose the Council feels it can tax each station a little more, and so it decides to set aside an additional sum to add to its reserve:

Operations	$15,215
Reserve	785
	$16,000

The Council then approves these appropriations. The money is collected month by month from the stations by the method now used -- it is withheld by IBSR from the national advertising checks and turned over to IBS. The proportion of the amount which each station must pay -- its share of the appropriation -- can, as in the past, be based upon the value of its national advertising, or upon its total revenue, its listener coverage, or any other yardstick deemed fair and equitable.

The Council can, in any month, increase or decrease the budget. Each station will then pay more or less accordingly. But new or cancelled contracts during the year will not affect the payment, inasmuch as the station pays only a fixed percentage of the budget, and this percentage will be adjusted no more frequently than once a year.

Study this plan. If you approve it, I urge you to instruct your representative at this week's meeting to act on it NOW, before IBS becomes bankrupt.

Cordially,

TOM WERTENBAKER

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